CHARTERED SURVEYORS

VALUERS, PROPERTY CONSULTANTS & AGENTS

REPORT AND FEASIBILITY/VIABILITY STUDY

prepared on behalf of

ANDY BARLOW
HOYLE MILL INN
150 PONTEFRACT ROAD
BARNSLEY
SOUTH YORKSHIRE S71 1HU

in respect of

HOYLE MILL INN
150 PONTEFRACT ROAD
BARNSLEY
SOUTH YORKSHIRE S71 1HU

Date of Inspection: 29 March 2022

Date of Report: 3 April 2022

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APPENDICES

1. INSTRUCTIONS

Our instructions were received from Andy Barlow to prepare a Report and Feasibility/Viability Study in relation to Hoyle Mill Inn, 150 Pontefract Road, Barnsley S71 1HU. These instructions were confirmed in our letter of 4 March 2022, copy attached hereto as an Appendix.

2. BASIS OF VALUATION AND CONTENT

Our Feasibility/Viability Study, of necessity, has had to be based upon a large number of judgemental factors. This is because the property had not been used or traded as a public house for several years, and there is therefore no historic or meaningful trading accounts or financial information available. We have therefore had to consider a wide range of factors, for the purpose of this study.

3. INFORMATION RELIED UPON

We have been provided with copies of floor plans of the property. In addition we have made a large number of verbal and on-line enquiries for the purpose of gathering facts and information for use in this Report.

4. DATE OF INSPECTION

29 March 2022.

5. LIMITATIONS

This Report is prepared for and is exclusively for the use of the party to whom it is addressed. This may however be referred to by any professional advisors to same. We specifically exclude any liability of the contents of any part or the whole of this Report to any party other than the person to whom it is addressed.

6. LOCATION

The property situated on Pontefract Road, being approximately one and a half miles to the north of Barnsley Town Centre. This route did historically form an important arterial road into and out of the town, connecting it with outlying areas to the north. Pontefract Road would have been much more important in the past in terms of a main arterial route. Today, because of much improved road networks in the vicinity, including the presence of the M1, this level of importance has somewhat declined.

The property itself is situated between two outlying areas of Barnsley, Oakwell to the south, and Lundwood to the north. Both of these are generally residential in nature, particularly Lundwood, albeit having some business, retail and commercial activities going on. There is much more of the latter to the south of the subject property, there being industrial premises, workshops, storage buildings, industrial estates, and the like.

To the immediate vicinity there is a limited amount of residential housing, albeit there is some of this along Pontefract Road itself. This is largely dictated by the geographical features in the immediate area. To the west there is the Dearne Valley Park which incorporates the River Don, itself forming a barrier to any residential development. To the east the landscape is elevated.

7. DESCRIPTION

The property fronts directly on to Pontefract Road. It is effectively built directly up to the rear of the footpath to same. There is a driveway to the right hand side of the property, which affords vehicular access into the site and a car park to the rear.

The site is noted to fall away significantly from front to rear. This has the effect that ground floor to the front extends to the rear where it is above the lower ground floor level, being a basement level beneath the front of the building.

The property comprises two separate structures. That to the front is to two storeys in stonework, and beneath double pitched roof with slate covering, but having a parapet wall to the front. There is a basement to this section.

Built directly onto the rear of this there is what is effectively a four storey building, comprising lower ground floor, ground floor, first and second floors. This is constructed in stonework and beneath a pitched slate roof.

Attached to the right hand side of the building there is a two storey brick structure of much later origin.

It would appear that the front of the building dates from the early 1800's and the one attached to this on the rear probably from the second half of the 1800's.

8. ACCOMMODATION

Ground Floor – Front Entrance Lobby with inner door leading into the former Hallway, now incorporated in what would have been a Lounge Bar to the left hand side, Lounge to the right hand side off which leads Ladies and Gents Toilets. Rear room having been a Kitchen in some stage in the past.

First Floor - This comprises a range of six rooms, which appear to have been a former Kitchen, Sitting Room, 2 Bedrooms with an En Suite Facility, and 2 further Bedrooms with no facility.

Second Floor - comprising a range of 4 Rooms all situated to the rear, 3 of which appear to have been used as Letting Rooms, and the fourth one having been a Bathroom.

Basement/Lower Ground Floor - comprising former Beer Cellar, General Store, Store and Garage.

Outside - on the front of the building there is a mono pitched roof incorporating velux lights, providing an enclosed Smokers Area or external Drinking Facility on what was originally the forecourt. There is Car Parking to the right hand side and rear with spaces for around 12 cars or so.

The property has a Gross Internal Floor Area (G.I.A.) of around 460 sq. metres (4,950 sq. ft.)

9. FIXTURES AND FITTINGS

At some stage in the past the premises have been completely stripped of all of the trade fixtures fittings and equipment which would have existed when the outlet operated as a licensed premises with a catering offering and letting bedrooms.

It follows that a complete re-fit would be required for these premises were they to be put back into such use. We would estimate capital expenditure of the order of £75,000 would be required in order to do this.

10. SERVICES

It is assumed that the property has the benefit of all mains services connected. However, at the time of our inspection none of these were operative.

It follows therefore that significant capital expenditure will be required to be incurred in respect of this property if it is to be brought back into any beneficial use. This would include complete re-wiring, installation of/reconnecting water, gas and sewerage systems. In addition all plumbing would need to be installed, as well as a boiler, for heating and hot and cold water purposes.

It is likely in our opinion that an expenditure of the order of £40,000 to £50,000 would be needed in order to provide all of these services and functioning properly.

11. LOCAL AUTHORITY

Barnsley Metropolitan Borough Council.

12. RATING

Rateable Value: £4,700
Council Tax: Band A

13. PLANNING

The property has apparently been utilised as licensed premises with a catering offering, and letting accommodation for a lengthy period of time, up until around five or six years ago. Such use is therefore regarded as being an established use by ourselves.

It is understood that it is intended to convert this building to provide a range of bedrooms with en suite facilities on the upper two floors, for occupation by vulnerable people. Additionally the lower ground floor is proposed to be converted into two small self-contained flats, for those receiving such care to move into, in preparation for being able to be self-sufficient. The ground floor is to be used we understand for some communal use areas for those in care within the rooms, as well as administrative offices in connection with the business.

This being so it seems to us that such conversion to these uses is entirely compatible with the community type uses to which the property has been put in the past.

14. LICENSES

The property would have had the benefit of a Premises Licence to enable it to sell alcohol. However we believe that this may well have lapsed in recent years. As a consequence of this, a new application would require to be made to the Licensing Department of the Local Authority.

15. TENURE

It is understood that the property is freehold. It would appear that there is a public footpath which runs along the right hand boundary of the property, from Pontefract Road, and into the Dearne Valley Park to the rear.

16. CONDITION OF THE PROPERTY

The property as a whole is showing significant wear and tear to its fabric, as a whole. This is not surprising given the fact that the majority of the buildings are over 150 years old.

Apart from this however it is noted that there would appear to have been some significant neglect with the building, in terms of regular maintenance and upkeep. Furthermore, there is evidence of some structural movement having taken place in the past, notably to the rear right hand corner of the building, and with a defective timber supporting beam above the garage door. There is also evidence noted by virtue of vertical cracking to corners of rooms, suggesting there has been some lateral movement of walls, or inadequate bonding of the rear building into the front building. Some work is therefore very likely to be required to the fabric in order to ensure that there is no on-going structural movement in this context. Underpinning may possibly be required to the rear elevation.

There is also evidence of ingress of water into the structure and fabric of the building in various locations. Most notably this is to the front of the property, where timbers to ceilings have become defective and have had to be removed. The leaching of water into the brickwork has also occurred in several locations, notably to the front parapet wall. This indicates inadequate sealing of flashings into the brickwork. It is also noted that there will be a central valley gutter between the twin double pitched roofs to the two buildings. This is an area where it is likely that damage can be caused to the fabric, if such valley gutter is not kept in good condition at all times. It must be kept free of blockage, for easy flow of rainwater.

The roof coverings are also showing some signs of poor performance with slipped and loose slates and the like needing to be attended to.

Additionally some of the timberwork to window and door frames is in poor condition, showing signs of rot. These clearly need to be attended to as appropriately.

In summary therefore this building is in a very poor state of repair and order. This reflects firstly age, and secondly neglect through lack of having a planned maintenance programme in place. There is a third element to this of course being that parts of the building have been vandalised.

It is also clear that mortar jointing to some of the stonework is in poor condition. Additionally parts of the external areas have been colour washed. This is flaking in various locations.

It is clear that significant capital investment will be required with this building in order to put it back into proper repair and decorative order. Thereafter it will be essential that a planned maintenance programme is instigated in order to ensure that the property is kept in good order going forward. Particular attention will need to be given to the roof coverings, rainwater goods, valley gutters, external pointing to stonework, repainting the exterior, attending to defective timberwork, and the like.

In our view it is unlikely that the property and its fabric can be put back into proper repair and order at a cost of much less than £200,000.

As regards the internal parts, this is in extremely poor order throughout. Damage has been caused by the stripping out of internal walls and partitions to the ground floor in particular, the removal of what would have been a bar serving counter, and the stripping out of the catering kitchen. The entirety of the ground floor requires to be refurbished. If the outlet were ever contemplated to be re-opened as licensed premises the toilet facilities to the ground floor would also require to be stripped out and replaced with more modern suitable sanitaryware for example.

The upper two floors are also in poor order. These need to be completely refurbished throughout, including the installation of heating systems, electricity, plumbing to sanitaryware and the like to en suite shower rooms and facilities and other toilets.

The basement is in moderate order, but reflects the nature of use to which this is put for general storage and beer cellarage. These areas nonetheless need some attention, if to be brought back into use as licensed premises. This is because beer stores are now classed as food rooms, and need to comply with Environmental Health legislation.

If the outlet is to be reinstated for use as a licensed premises with letting accommodation we would envisage that £125,000 or so expenditure will be required to the internal parts.

As to the exterior the car park areas to the right hand side of the rear are in modest order, but having a tarmacadamed surface to most of this is serviceable.

17.BUSINESS APPRAISAL

We do not have any trading or financial information relating to the operation of the business, stretching back to when it was open for trading. This is because the outlet is understood to have been closed for around five years or so. Prior to then we understand that it has been owned by one of the major pub owning businesses, and had been leased out to various tenants previously.

The fact that a pub owning business decided to sell this public house would most likely have been because it was not profitable any longer. This is simply because pub owning businesses such as these for the purpose of trading them through tenants, and deriving their income from two sources. Those sources are from rental payments and from the wholesale profit which a pub owning business makes on the supply of beers, wines, spirits and minerals. It follows that if the business was not contributing sufficient income/profit by way of rent and wholesale profit to the pub owning business, then clearly it would not have been regarded as being a viable proposition for them. Hence the decision must have been taken at some stage in the past to sell the property.

It will also be appreciated that the profit which the pub owning business would be expected to make out of an outlet such as this, in terms of rent and wholesale beer profit, are interlinked. Clearly the more wet product which is sold, then the greater the wholesale profit which the pub owning business would reap. Equally the higher the income generated from these wet sales then the higher would be the rent payable.

We can therefore come to but one conclusion in this context, that the business was not capable of generating sufficient turnover and sales, and hence therefore wholesale beer profit as well as rental payments, to justify it being retained by the pub owning business.

From this one would therefore draw the conclusion that the business was not really a viable proposition.

Turning to our own view of this outlet it is noted that it sits on a road which is now a shadow of it's former self. The levels of traffic passing along Pontefract Road at this point are significantly lower than they would have been even twenty years ago. The road network in the vicinity of Barnsley has changed dramatically. Hence, there is less opportunity to attract any passing trade.

Indeed, one can also look at the Indian Restaurant which is situated about 100 yards to the north, which is also closed down and boarded up. Clearly this has not succeeded as a business either. Also, it is understood that this at one time also was a public house.

The subject premises are also situated in a part of Barnsley where there is very little by way of immediate residential housing. This means that there is less trade upon which the outlet could call. In such circumstances of course passing trade would be more important. Closeby there are various commercial and business undertakings, including industrial estates and the like. These are numerous in number, particularly in a southerly direction towards Barnsley.

The two main areas of residential housing are both situated some mile or so distant. To the north is Lundwood, where there is plenty of housing, but equally there are sufficient other licensed premises to satisfy the need there.

To the south, towards Oakwell, again there is large areas of housing. However again there are sufficient licensed premises in that immediate vicinity to satisfy demand.

One would conclude therefore that the Hoyle Mill Inn falls between two stools, being too far away from the residential areas of both Lundwood and Oakwell, to be able to draw any trade from them.

Looking at the ground floor trading areas also it is clear that these are relatively small. This would have a limiting factor in terms of the number of customers who could be comfortably accommodated, and hence the amount of trade that might be reasonably be expected to be achieved. There is an outside area, which is situated to the immediate front of the building, but that overlooks the road, and in fact is not a particularly attractive place to be, from a customer's perspective. We would doubt therefore that this external area would be capable of bringing any added value to the business.

There is a ground floor room which has in the past apparently been used for catering purposes. Quite frankly the type and style of food which might be offered in this outlet would be bound to be of a limited quality, given the fact that there is a modest catchment population, and there are plenty of other restaurants, eating houses, and the like between the subject premises and Barnsley Town Centre. In fact it is understood that some catering had been tried in this outlet in the past, but that this had hardly been worth the effort.

Additionally, mixing a catering offering with a drinking establishment, especially where the trading area is relatively small, does not usually work successfully. There is a conflict between those who are eating and those who are drinking, when they are in relatively close proximity to each other. In other words drinkers do not like to have people eating in their immediate proximity, and likewise those who are eating do not necessarily want to see and listen to those in the bar.

Given our experience in valuing and appraising licensed premises we would consider that the size of the drinking areas to this bar would be unlikely to attract trade of anything more than 2 to 2.5 composite barrels of trade per week. This relates to both draught and bottled beers, as well as wines, spirits and minerals. In our experience levels of trade such as this would be unlikely to generate income of more than £1,500 net of VAT per week. This would be the equivalent of just under £80,000 per annum.

It may be possible to generate some small income from a modest catering operation, but frankly this is not likely to be anything better than say £500 per week. This would be the equivalent of say £25,000 net of VAT per annum.

The third source of income that may be achievable is from machines. However we would not consider that this outlet would be suitable for generating significant income from gaming machines and the like, given again the relatively small size of the trading area. However perhaps £5,000 per annum may be possible.

There are of course letting bedrooms on the upper floors, but when one makes an allowance for some of these to be used for private living quarters for the owner/operator, then there would probably be no more than 4 letting bedrooms. Given the location of the property these are not likely to be of any great appeal to customers, other than contractors working in the area. Typically these take letting bedrooms on a budget, and for perhaps only four nights per week. Four letting bedrooms of this style therefore might, at best, generate income of about £20,000 per annum. There will of course be some on costs with this, such as laundry, cleaning, providing breakfasts etc. This could however produce an additional profit of about £10,000 per annum.

Overall therefore the business might be capable of total sales of around £130,000 net of VAT.

A trading profit of something between £25,000 and £30,000 per annum might be achievable. This is of course expressed before any rent, loan interest, finance costs, depreciation or other unusual items of expenditure.

18.FURTHER COMMENTS

The Regulatory Reform (Fire Safety) Order 2005 introduced a requirement from 1 October 2006 for the "responsible person" to make a suitable and sufficient assessment of the risks and to identify the fire precautions required to comply with the Order which applies to all non-domestic property. As such the fire certification scheme has been replaced by the fire risk assessment requirement. Therefore, the "responsible person" for the subject property will be required to comply with these regulations.

The Equality Act 2010 places a duty on businesses who sell goods and services to make reasonable adjustments to help disabled individuals access their goods, facilities and services. Therefore, it is recommended that any occupier of business premises providing a service to the public be fully aware of the steps that may need to be taken and, if necessary, enlist a specialist to undertake a full audit of the property to ensure compliance.

The Energy Act 2011 committed the Secretary of State for Energy and Climate Change to bring in regulations, which would make it unlawful to let a domestic or non-domestic property if they failed to meet a prescribed minimum energy performance standard (MEPS). The aforementioned commitment was fulfilled by way of The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015, which will make it unlawful to grant a new lease on both residential and commercial property, as of 1 April 2018, which do not achieve an Energy Performance Certificate rating of 'E' or better, subject to certain exclusions. The restrictions will be extended to existing residential leases as of 1 April 2020 and existing commercial leases as of 1 April 2023. In circumstances where a property fails to meet the minimum standards, the landlord would be expected to make reasonable efforts to raise the property's energy efficiency above the threshold, subject to certain criteria.

There is a current and valid EPC for the property. This has an energy rating of C and expires on 23 June 2022. This complies at present with the above requirements, technically. However, given the current state of repair of the building, in its present form, it is very unlikely that a compliant rating would be given.

19. CONCLUSIONS

This property has relatively little to commend it in terms of operating as licensed premises in a conventional way. It has been closed down and has clearly not been a success in the past. Certainly up to at least five years ago the business could not have been a truly viable proposition for either landlord or tenant.

As noted above significant expenditure is required to be incurred on the building in respect of its fabric, to put it into proper repair and condition (estimate £200,000). Additionally the premises need to be completely gutted and re-fitted (estimate £100,000) and re-equipped (estimate £75,000) in order to provide appropriate accommodation.

As we note above capital expenditure of up to £400,000 is likely to be required to be incurred in this respect, to make the property suitable for use again as licensed premises with living accommodation and letting rooms, including new fixtures and fittings.

Clearly, in light of the likely end value of the property as a business, with all of these repairs and refurbishment works carried out, it is not likely that this will be more than the above estimate of costs.

In summary therefore we can only conclude that this business could not possibly be viable as an operation as a conventional public house, with a wet sales offering, possibly some catering, a few letting bedrooms and living accommodation for the proprietor.

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RICS REGISTERED VALUER

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